

**Office of Inspector General
U.S. Department of State
U.S. Arms Control and Disarmament Agency
U.S. Information Agency, including
Broadcasting Board of Governors**

Reports and Testimony

April-May 1998

This report describes testimony provided by the Inspector General or other OIG officials and lists OIG reports issued during the period indicated. This report includes unclassified summaries of classified reports; all text in this report is unclassified. Classified reports are not distributed publicly. On occasion OIG distributes an unclassified version of a classified report; in such a case, this listing also indicates the issue date of the original report. In addition, all major reports, together with OIG investigative activities, are summarized in the Inspector General's semiannual reports to the Congress, which are publicly available every June and December.

Reports Issued by the Office of Audits

Software Development at Overseas Posts

(98-IM-009)

OIG reviewed software development at overseas posts. The objectives were to determine how well the Department of State and the U.S. Information Agency (USIA) manage and control software development overseas and how these locally developed software applications meet posts' needs.

The Department has not established policies, issued guidance, or mandated procedures for how posts develop and acquire local software applications. Further, post personnel have been developing computer applications without proper oversight and, as a result, they have not met Federal software development and reporting standards. Post personnel are duplicating each others' software development efforts and initiating local contracts for the development of new applications with mixed success. Without Department intervention, posts will likely continue uncoordinated software development activities as they address their growing automation needs. The Department has not been able to quantify either the extent or the cost of posts' software development activities; however, both appear to be substantial. In addition, most posts need to convert obsolete software applications and modernize their computer hardware with local area networks, which may increase the amount of local software development. A few geographic bureaus have begun sponsoring collaboration among their constituent posts to promulgate locally developed software applications that may be useful to many posts.

USIA's overseas staffs generally do not develop local software applications, but rely on corporate applications that are developed centrally or initiated at posts and then are sponsored by USIA headquarters. Post-initiated applications are usually completed and documented by headquarters' technical staff members. USIA's overseas personnel, however, are not fully satisfied with the corporate software they have received.

OIG recommended that the Department's chief information officer, in coordination with the deputy assistant secretary for Information Management and the executive directors of the geographic bureaus, establish policies for developing and managing overseas software application development, identify post requirements that should be addressed by corporate applications, and develop a strategy to meet those requirements. OIG also recommended that mechanisms be created for posts to more effectively share locally developed applications, report significant software development expenditures, and obtain and follow specific guidelines before contracting for software development.

Foreign Service Retirement & Disability
(98-FM-012)

The Chief Financial Officers Act of 1990 requires that OIG audit the financial statements for the Foreign Service Retirement and Disability Fund (FSRDF) to (1) obtain reasonable assurance and express an opinion on whether the financial statements are free of material misstatement; (2) determine whether FSRDF has an internal control structure that provides reasonable assurance of achieving internal control objectives; and (3) determine whether FSRDF has complied with applicable laws and regulations. The FSRDF is a trust fund that provides pensions to retired and disabled members of the Foreign Service. For FY 1997, FSRDF reported assets of \$9.2 billion and an actuarial unfunded liability of \$588 million.

OIG is issuing an unqualified opinion on the FSRDF financial statement for FY 1997. The report does identify two instances of noncompliance with laws and regulations related to debt collection. One instance was cited in last year's audit, but is not yet fully corrected. This issue did not affect the audit opinion on the FSRDF statements.

Restructuring the U.S. Mission to Germany
(98-PP-011)

OIG reviewed the real property management issues related to the Department's effort to restructure its U.S. Mission to Germany as the embassy is moved from Bonn to Berlin in 1999. The review was conducted to determine the viability of the Department's plan to fund the construction of the new chancery from proceeds of the sale of Department-owned real property in Germany, whether government-owned housing will meet projected housing needs, and whether Embassy Bonn and constituent posts have realigned maintenance and repair resources to reflect changing property inventories and staffing levels at the constituent posts.

The Department will be unable to fund the construction of the Berlin chancery solely from the proceeds of sale of real property in Germany, and design and construction will take nearly 5 years once sufficient funding is secured. Until the chancery is constructed, the Department will operate from three leased interim facilities. Most government-owned housing in Berlin is not adequate to meet housing needs for projected staffing at the completion of the move to Berlin in 1999 because of the condition or size of over half of the residences. The size and configuration of the Berlin general services office has not been determined, primarily because of uncertainties about staffing and housing needs and differing views within the Department about the needed size and services to be provided by the general services office during and after the move to Berlin. Also, sufficient maintenance and repair positions needed to adequately maintain properties in Berlin and Frankfurt have not yet been transferred from Bonn. In the absence of sufficient personnel, properties may continue to deteriorate from lack of maintenance.

Reports Issued by the Office of Inspections¹

Inspection of the U.S. Mission to the United Nations

(ISP/I-98-25)

The U.S. Mission to the United Nations (USUN) is a unique institution within the Department of State: it is the only U.S. diplomatic mission on U.S. soil. Moreover, although it is supported and instructed by the Department of State, through the Bureau of International Organizations, the chief of mission (or permanent representative) is accorded rank as a member of the Cabinet.

Management and leadership of USUN are highly complicated by the fact that, while the Chief of Mission's stewardship of the mission is more than a full time occupation, he is also directed by the President to divide his time among international trouble shooting, performing Administration tasks on Capitol Hill, and wearing a Cabinet hat. His frequent absences from New York while attending to other business has placed a tremendous additional workload on the deputy permanent representative, the only career officer among the five persons at post with ambassadorial rank. The deputy has simply not had the time to devote to management oversight, and it shows: many administrative management operations are deficient, management controls are weak, and reporting officers are stretched to the limit because of an uncontrolled and poorly managed workload.

On the administrative side, the inspection found important weaknesses in budget and fiscal operations. Poor controls were manifest particularly in the management of the mission representation program, wherein a number of questionable practices, involving injudicious use of the severely limited Foreign Service representation account, had been allowed to creep into the program. Information systems are poor even compared with run-of-the-mill Foreign Service systems operations elsewhere. It is already deficient and will face a crisis if not immediately attended to. Unhelpful personnel management has exacerbated the already poor morale of the Excepted Service employees (i.e. non-Foreign Service and non-political appointees). OIG argues for the termination of the Excepted Service status of these employees and their accommodation into the Civil Service system as an idea whose time has come. Foreign Service morale was impacted by the mismanaged heavy workload and the inadequacy of housing allowances. Because of the inability to frame Foreign Service assignments with the advantages of either a Washington or overseas posting, the United States is faced with the ironic situation where almost all other nations send their very best diplomats to serve on delegations to the UN, while the United States must select from a small universe of career officers willing to bear the costs and uncertain career enhancement of a New York assignment.

The mission's largest substantive task involves UN reform, U.S. arrearages in contributions, and reduction of the U.S. contribution on a triennial scale of assessments. Although the UN has embarked upon a number of structural reforms over the past three years, there is a debate as to

how well they are working. Meanwhile, the U.S. failure to pay up to \$1.4 billion in arrears has not only created a quasi-hostile attitude toward the United States among other UN countries, but will cost the United States its vote in the General Assembly if not addressed fully. Although this concern does not appear to affect U.S. efforts on major issues such as Iraq, it suffuses nearly all transactions that remain in the hands of the permanent delegations and not their capitals. Current efforts by the Administration and Congress seem likely to fall short of providing an antidote. If so, the U.S. position at the UN will continue to proceed in a downward spiral.

Reports Issued by the Office of Security and Intelligence Oversight²

Embassy La Paz, Bolivia and Constituent Cities (SIO/I-98-20)

Embassy La Paz moved into its present facility in 1994. This move improved overall physical security, although a few deficiencies remain. With the correction of these deficiencies, the post's security posture will be greatly enhanced.

Embassy San Jose, Costa Rica (SIO/I-98-21)

Embassy San Jose needs to ensure that all mission agencies are treated equally regarding home-to-office transportation and the use of armored vehicles. The emergency action committee should establish baselines of protection, not individual agencies.

The local guard contract needs to be administered with the aim of controlling costs, not just the security performance of the contractor and its employees. The post has incurred considerable unjustified costs due to inadequate monitoring of the contract, and has also incurred considerable expenses on local guard vehicles because it has not been given enough flexibility to purchase vehicles and spare parts on the local market.

Several physical security problems need to be rectified within the chancery. These problems result from the chancery's design, which was done while the present security standards were being established. Most of the recommended improvements can be done at reasonable cost and with minimal operational disruption.

The radio program needs to be updated to meet emergency preparedness challenges at an earthquake-prone area. Present coverage is inadequate and spare parts are difficult to obtain.

Embassy Tegucigalpa,
(SIO/I-98-24)

Overall, the security program at Embassy Tegucigalpa is very well managed. The security briefing for new arrivals is excellent, and the well-managed residential and local guard programs contribute to a relatively low incidence of crime against embassy personnel.

Exterior lighting at official office buildings and residences is below the Department's security standards and needs to be improved.

Several of the report's recommendations address the chancery's technical security systems, which require some rewiring or equipment modifications.